Statement by Commissioner Vestager – Commission simplifies rules for public investment in ports and airports, culture and the outermost regions

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Today, the Commission has exempted public support measures in a number of areas from prior Commission state aid control. This facilitates public investments in key infrastructure, namely ports and existing airports, but also public support for culture, multi-purpose sport arenas and the EU's outermost regions.

But first, let me say just a few words on why this matters:

EU State aid rules ensure that companies can compete on equal terms in the EU Single Market to the benefit of European consumers. The EU Treaty gives the Commission the task of enforcing those rules.

Because fair competition is not just a question of what private companies do. We also have to look at what governments are doing – at how State-owned companies operate and at the subsidies that governments give.

That's why Member States are normally required to notify their plans for State aid to the Commission, and to go ahead only if the Commission gives its agreement.

This allows the Commission to prevent measures that distort competition, that hinder trade across national borders and undermine the EU Single Market. For example, if a Member State wants to give a better tax treatment to its national champion at the expense of more efficient competitors abroad.

At the same time, the vast majority of public support measures do not cause such problems. Either they are not State aid at all and fall outside the scope of EU State aid control. Or, they do amount to State aid but do not distort competition. They can all be implemented by Member States without having to ask the Commission for permission in advance.

It is important for Member States, companies and the citizens, to have clear guidance on this.

Today's changes are only the latest step in the Commission's recent efforts to modernise EU State aid control. The Commission has implemented several initiatives to stimulate investment by reducing the administrative burden for public authorities and companies and by increasing legal certainty for companies receiving aid.

To clarify what public measures are not State aid at all, in May last yearthe

Commission adopted a Notice on the Notion of State aid. This covers, for example, public investments in roads, inland waterways, rail, and water distribution networks.

We have also taken a series of decisions, which show that measures are not State aid where their impact is essentially local, without affecting competition and trade between Member States. For example, public investments in hospitals, old age homes, sports facilities and regional news media.

For public measures that are covered by EU State aid control, but do not harm competition, the Commission set out clear criteria in the “General Block Exemption Regulation”. Member States can rely on these criteria to support investment in important areas such as energy, environment, broadband and innovation. And this without asking the Commission’s approval first. This Regulation already exempts about 95% of all State aid measures – that’s around 28 billion euros in State aid per year.

This reduces the administrative burden for Member States and increases legal certainty for companies that receive State aid. Of course, less control by the Commission requires Member States to themselves take responsibility: to show citizens where public funds go and what their impact is. Therefore, cooperation between Member States and the Commission is key to make modernisation of State aid control a success.

And today, we are giving flexibility to Member States to grant State aid directly, without asking the Commission’s approval first, in a number of additional, important sectors – setting out clear criteria to make sure the aid does not distort competition.

The main changes relate to ports and existing airports. Over the past few years the Commission has taken more than 30 State aid decisions on ports and more than 50 State aid decisions on airports. So, we now have a good idea of which measures are likely to distort competition and which are not. We also consulted the public twice and took on board the feedback we received.

In particular, the new provisions exempt from prior control by the Commission public investments in existing **regional airports**. As long as they serve less than 3 million passengers per year. There are more than 420 airports of this size in the EU – they account for more than 80% of all airports in the EU but only about 13% of air traffic. These airports will be able to receive aid to maintain and upgrade their infrastructures, if they respect the criteria in the Regulation.

For small existing airports, the Regulation also allows Member States to help cover operating costs. By small airports I mean those handling less than 200 000 passengers per year. These may not always be as profitable as larger airports, but they can play an important role for the connectivity of a region and are unlikely to have much effect on competition. Airports of this size account for almost half of all EU airports but less than 1% of air traffic. Therefore, it should be up to the relevant region – and its citizens – to decide if they want to spend public funds to support these small airports.

For **ports**, the Regulation now exempts investments by Member States of up to 150 million euros in seaports and up to 50 million euros in inland ports. This includes dredging costs that certain ports need to incur to keep the waterway deep enough for ships to dock. For ports these costs are non-negotiable because of their geography, regardless of how efficient and competitive they are.

So, these are significant changes for public investments in ports and airports, which clarify the rules, simplify procedures and allow Member States to invest in these sectors more quickly. This can help create jobs and spur economic growth, whilst preserving competition in Europe’s Single Market.

We have also simplified EU State aid control in some other areas, namely **culture and multi-purpose sports arenas**. Support in these areas often does not amount to State aid anyway, as we clarified in the Notice on the Notion of State aid. Only a few large size projects are – and for these, in future even fewer projects will need to be notified to the Commission for approval.

We have also made it simpler for public authorities to compensate companies for additional costs they face in the EU’s outermost regions and sparsely populated areas. These regions often face significant economic challenges because they are remote and dependent on a few traded products. EU State aid rules allow support for these regions to meet those challenges.

Furthermore, in addition to the important existing exemptions under the General Block Exemption Regulation to support innovation, we have clarified today that Member States can support projects with a so-called “Seal of Excellence” quality label. These are innovation projects funded by Member States that also meet the conditions for funding under the EU Horizon 2020 instrument. Today’s clarification helps ensuring that these projects can be implemented as quickly as possible. This can especially benefit SMEs.

Finally, we addressed another issue that is at the heart of fair competition in the Single Market: EU state aid rules do not allow Member States to use state aid to incentivise the relocation of jobs from one EU country to another. Today’s changes add safeguards to ensure that the rules work well in practice.

From now on, to benefit from the procedural speed of the General Block Exemption Regulation, the company benefitting from investment aid has to confirm that it did not relocate this activity from elsewhere in the EU. And will also not do so in the future.

The point of all this, of course, is to facilitate public investments that serve citizens while preserving competition. To make it easier to grant aid on clear and simple conditions that contributes to our common goals on jobs & growth, climate, innovation and social cohesion.

This is also at the heart of the Juncker Commission’s Better Regulation agenda, which is led by my colleague Frans Timmermans.

Our objective is to focus the Commission’s action on those issues that really matter to people, taking European action only where it is necessary and leaving the Member States to take responsibility for everything else.

Similarly, when it comes to state aid policy what we want to ensure is that responsibility for public measures is taken at the appropriate level – by the Commission, if it genuinely affects competition and European consumers across borders, and by national authorities, if the effect is local.

We have to work together to make sure that the Commission can be “big on big things and small on small things” to the benefit of EU citizens and companies.